



RETIREMENT WORKSHOPS REDESIGNED -online registration now available-

PERSI members with Internet access and email can now go online to register for retirement workshops. Online registration is one of many recent changes to the PERSI educational program.

Program Redesigned

For the past 6 years, PERSI has offered educational workshops to members nearing retirement. During the last year, however, the program has undergone a major redesign. Starting with two new trainers, the program has been completely overhauled to meet the needs of baby boomers who are approaching retirement age.

Retirement's a Beach

The "Retirement's a Beach" (RAB) workshop targets members within 5-10 years of retiring. This 4-hour workshop is held at off-site locations throughout the state and conducted at various times during the year. When reassessing the original program, it became clear the retirement information members wanted and needed could be presented in 4 hours rather than 8 hours as in the past. Two changes would make this possible: (1) having a Retirement Specialist available at each workshop to answer specific questions from members; and (2) taking a higher level look at specific issues rather than covering the small details of many topics. These two modifications not only freed up time, but also allowed additional areas of interest to be covered. Besides the PERSI Base and Choice Plan benefits, the workshop covers Social Security, Medicare and other healthcare options, wills, trusts, estate planning, tax implications of retirement income, and powers of attorney. Attendees will



receive a comprehensive workbook and a retirement estimate at the workshops. Spouses are welcome to attend, but must be registered.

Rave Reviews...and a Shorter Waiting List

The new program has been very well received. By reducing the workshops from 8 to 4 hours, PERSI is able to conduct two workshops a day. With 30 people in each workshop, twice as many members are now served in the same amount of time. This has reduced the waiting list to nearly zero for the first time in 6 years.

Online Registration

Online registration is simple. You start by logging onto the PERSI Web site at www.persi.idaho.gov. Under the "Education" tab on the home page, click on "Online Registration" on the drop-down menu. Scroll down to the schedule for the Retirement's a Beach workshops. The schedule provides the date, city, time, and availability for each workshop. After finding an available workshop that's convenient, click on "Enroll Online Now," which

will open the "Account Log On" page. (You must be registered to view your account before you can utilize the online registration option.) After logging on, simply complete the form and click the "Register" button. If everything was completed properly, a personalized "Thank You" screen will appear confirming registration and the date and time of the workshop selected. PERSI will automatically send registrants a confirmation email within a few minutes.

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Insights

PLANNING FOR RETIREMENT IN YOUR FORTIES

The second in a series of articles focusing on retirement planning for members from their 20s to their 60s and beyond.

Your earning power is likely to keep increasing in your 40s, and that's a good thing. But this could also be a time when you're paying off debt, making mortgage payments, figuring out how to put your children through college, or caring for aging parents. With all this going on, it can be difficult to balance the need for retirement savings with the need to meet your ongoing financial obligations. No matter your situation, if you're in your 40s it's time to see where you stand in terms of retirement and decide if you have some catching up to do.

Sources of Retirement Income

As a PERSI member, once vested you are guaranteed a lifetime benefit when you retire. While this may put you ahead of workers who don't have the luxury of an employer-sponsored plan, it probably won't be enough to fund your entire retirement. Fortunately, PERSI also offers members a second retirement savings vehicle, the Choice Plan 401(k). If you're already contributing to the Choice Plan, you made a good decision. Ideally, in your 40s you should be contributing at least 10 percent or more to this account. If you aren't currently participating in the Choice Plan, you need to consider getting started. Financial experts say that every dollar you fail to set aside now means \$10 less in retirement income later.

You can also choose to participate in other retirement savings plans such as an Individual Retirement Account (IRA). Besides adding to your retirement income, an income tax deduction is usually available for the tax year when you make contributions to your IRA. The contributions and interest earned accumulate tax-free until you withdraw the money from the account when you retire. Don't think of an IRA as just another savings account, however. If you take an early withdrawal from your IRA there will be tax consequences and possibly a 10 percent tax penalty unless you qualify for an exception. Participation in an employer-sponsored retirement plan and having an adjusted gross income that exceeds certain amounts makes some people (such as Board or Commission members) ineligible for the tax-deduction benefits of an IRA. Check out your situation before opening an IRA.

Social Security will most likely be part of your retirement income if you're in your 40s. Despite questionable funding, the government projects there will be enough money to cover benefits until 2040 without changing the current program. In subsequent years, program changes could include higher taxes and/or reduced benefits. Each year you should receive a benefits statement from the Social Security Administration (SSA) that estimates your retirement benefit. If you haven't received a statement recently, contact SSA by calling toll-free 1-800-772-1213 to request one. When you get it, make sure the earnings credited to your account are correct.

By adding up your various sources of income, you'll get an idea of what your total retirement income will be and then you can decide if it's enough or if you need to make adjustments while you still have time. To get the most accurate picture, you need to estimate your expenses too. Most of us will still have housing, insurance, and medical and healthcare expenses in retirement. But what about travel, recreation, and hobbies? If you go through this exercise, be sure to figure discretionary income into your calculations.

Smart Strategies

Too many 40-somethings put their children's education ahead of their own retirement. But don't set yourself up for a lower quality of life in retirement to educate your children. Financial advisors point out that your children can get student loans or scholarships to pay for education, but there are no scholarships or loans for retirement. Even if a student graduates with some debt, they have their earning years ahead of them to deal with it; whereas if you don't have enough retirement income, the shortfall can mean working longer or not retiring at all. If you still want to help pay for your children's education and would also like to save for retirement, consider sending them to a local, in-state school where they can live at home and where tuition is lower than a more costly out-of-state college where you'll pay higher tuition and housing costs. There's also nothing wrong with your child working while attending college to help defer the cost.

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Paying off debt, especially credit cards with high interest rates, is a smart financial move at any age. Ideally, in your 40s you have one or two credit cards and pay off the balance every month. If not, start paying off the cards with the smallest balance, then concentrate on paying off the ones with the largest balance. After paying off your credit cards start paying down any other debt you might have, including your mortgage.

Retirement planning is more than knowing how to accumulate money, it's the process of establishing a retirement income goal, gathering information about your potential sources of retirement income, knowing your expenses, and deciding what lifestyle you want in retirement. By crunching the numbers now and taking action, you'll be in a better position to have the retirement you want... and with fewer surprises.

BUYING BACK A SEPARATION BENEFIT

Members may withdraw their Base Plan money and the interest earned on their contributions if they leave PERSI-covered employment. At first glance, this might seem like a good idea. Unfortunately, members may take the separation benefit (lump sum payment) without considering the long-term effect this action has on their retirement. This is especially important for those who are vested at the time of termination. Besides tax penalties and withholdings, withdrawing the funds cancels any service credits earned towards a PERSI lifetime retirement benefit. This not an irreversible situation, however. If a member returns to PERSI-covered employment after withdrawing the money from their Base Plan account, they may buy back their separation benefit by paying back the funds plus interest to reinstate the service credit for their previous employment. If the member chooses not to buy back the separation benefit, they start over accruing service credits.

The Buy Back Process

Contacting PERSI is the first step in the buy back process. Once a member requests a buy back, PERSI audits the records to determine eligibility and confirm active member status. PERSI will then run an estimate to calculate the amount the member withdrew plus interest.

The interest rate charged on repayments changes annually. It is based on the income earned on PERSI investments and is set at the beginning of each calendar year. Once the first payment is received, the interest rate is locked until the repayment is complete. Service credits are not reinstated until all account withdrawals are fully repaid.

Repayment Options

There are several repayment options available.

- A member may sign up for an irrevocable tax-deferred payroll deduction plan to make the

repayments. Once started, payments must continue until the debt is paid or the member terminates employment.

The next three options must be done before any irrevocable tax-deferred payroll deductions begin. Payments must start while the member is active. A member may:

- roll over money from an eligible plan such as a 401(k),
- elect an in-service transfer of funds from a 401(k), 457, or 403(b) plan, or
- make a lump-sum or series of taxed payments directly to PERSI.

Leaving Funds in PERSI

Members who leave PERSI-covered employment don't have to withdraw their Base Plan money. If the member's account balance is \$1,000 or more, the funds can stay in PERSI indefinitely. By leaving the money in PERSI, it will continue to earn interest and retirement credits will be preserved. Members who choose to leave their funds alone, don't need to do anything except keep PERSI informed of their current mailing address.

Automatic Refunds

Under certain circumstances, contributions must be refunded. Members who leave PERSI-covered employment with less than 5 months of service credit will automatically receive a refund of their contributions plus interest. Idaho law requires PERSI to refund the contributions plus interest of non-vested members with an account balance less than \$1,000 who remain inactive for more than 3 years. Members should understand that employer contributions remain in the trust and are not eligible for withdrawal or refund.

If a member plans on remaining in public service, the benefit of reinstating service credits may outweigh the cost.

PLEASE NOTE: The box acknowledging you read and understood the cancellation fee policy must be checked before registration can be finalized. PERSI will contact each registrant prior to the workshop to confirm attendance. At that time, specific location information will be provided.

If you have questions about the workshops or online registration, contact PERSI via email at workshops@persi.idaho.gov. If you don't have Internet access or email, call the PERSI Answer Center at 208-334-3365 from the Boise area or toll-free at 1-800-451-8228 from elsewhere in Idaho to register.

SINGLE LOG-ON AVAILABLE FOR PERSI ACCOUNTS

PERSI members can now log on once and access both their Base and Choice Plan 401(k) accounts. This is another way PERSI is improving customer service.

To Log On

Go to the PERSI Web site at www.persi.idaho.gov under the "Account Information" tab on the home page. On the drop-down menu, click on "My Account Information." Enter your email address and password and click on "Submit." Once your Base Plan account information appears, you can scroll down to the Choice Plan section, and click on the "exit to the Choice Plan site at ACS HR Solutions" link to get to a second link that will take you directly to the ACS home page to view your account information and access other useful information. If you have not registered to view your Base Plan

account, now is a good time to do so. Go to the PERSI Web site under the "Account Information" tab on the home page. On the drop-down menu, click on "My Account Information." Simply follow the instructions for registering.

Naturally, you can still log on to your Choice Plan account without going through the Base Plan log on process. Using the "Account Information" drop-down menu, select "Choice Plan Account Balance." When the ACS Web site opens, enter your Social Security Number and PIN.

Based on member input, PERSI knows a single log on will make account monitoring easier.

PERSI INVESTMENT NEWS

*as of June 30, 2007**

Value of the Fund:

\$11,462,578,413

Fiscal Year Change in Market Value:

\$1,871,287,405

Fiscal Year-to-Date Returns:

20%

Month-to-Date Returns:

-0.2%

*Posted monthly on PERSI Web site: www.persi.idaho.gov



www.persi.idaho.gov

I D A H O

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